



Financial Results of the Principal Subsidiaries

for the Nine Months Ended December 31, 2019

February 14, 2020

Table of Contents

I	Japan Post Holdings	1
	Year-on-Year Changes of Income for the Nine Months Ended December 31, 2019	1
II	Japan Post Co.....	3
	1. Interim Consolidated Balance Sheets	4
	2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income	6
	(1) Interim Consolidated Statements of Income.....	6
	(2) Interim Consolidated Statements of Comprehensive Income.....	7
	3. Segment Information.....	8
III	Japan Post Bank.....	10
IV	Japan Post Insurance	11

Note: Please refer to the documents on consolidated financial results announcements of Japan Post Bank and Japan Post Insurance released on the respective company's website for their consolidated financial results.

I Japan Post Holdings

Year-on-Year Changes of Income for the Nine Months Ended December 31, 2019

Net ordinary income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2018	638.8	136.4	281.8	214.0	6.4
Nine months ended December 31, 2019	688.8	153.1	289.2	233.9	12.4
Year-on-year change	+50.0	+16.7	+7.4	+19.9	+5.9

Net income

(Billions of yen)

	Japan Post Holdings (Consolidated)	Japan Post Co. (Consolidated)	Japan Post Bank (Consolidated)	Japan Post Insurance (Consolidated)	Others (Including consolidated accounting procedures)
Nine months ended December 31, 2018	392.1	123.8	203.3	96.6	(31.6)
Nine months ended December 31, 2019	422.0	135.9	210.0	115.0	(38.9)
Year-on-year change	+29.8	+12.0	+6.7	+18.3	(7.2)

* The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post Co., net income attributable to Japan Post Bank and net income attributable to Japan Post Insurance have been used for net income of Japan Post Holdings (consolidated), Japan Post Co. (consolidated), Japan Post Bank (consolidated) and Japan Post Insurance (consolidated), respectively.

II Japan Post Co.

1. Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	1,871,936	1,887,407
Notes receivable and operating accounts receivable	347,649	340,901
Securities	15,000	15,000
Inventories	21,727	21,221
Outstanding amount of banking business consignment	22,767	43,219
Other current assets	90,889	89,814
Reserve for possible loan losses	(2,832)	(2,868)
Total current assets	2,367,139	2,394,696
Non-current assets		
Tangible fixed assets		
Buildings	1,013,063	965,657
Land	1,306,333	1,304,768
Right-of-use assets	-	160,400
Other tangible fixed assets	345,982	338,209
Total tangible fixed assets	2,665,379	2,769,036
Intangible assets	97,944	90,742
Investments and other assets		
Other investments and other assets	54,350	51,078
Reserve for possible loan losses	(2,004)	(2,220)
Total investments and other assets	52,345	48,857
Total non-current assets	2,815,669	2,908,637
Total assets	5,182,809	5,303,334

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes payable and operating accounts payable	101,504	125,499
Short-term borrowings	124,752	153,924
Current portion of long-term borrowings	76,509	95,704
Other accounts payable	311,386	218,056
Outstanding amount of life insurance business consignment	2,577	1,436
Income taxes payable	16,837	7,662
Deposits received	280,030	238,677
Fund deposits for post offices	870,000	970,000
Reserve for bonuses	108,463	29,945
Other current liabilities	188,790	233,267
Total current liabilities	2,080,852	2,074,174
Long-term liabilities		
Long-term borrowings	75,760	49,107
Lease obligations	16,595	171,190
Deferred tax liabilities	12,167	11,428
Reserve for losses on rebuilding of branches	197	197
Reserve for management board benefit trust	310	332
Liability for retirement benefits	2,010,351	2,019,237
Other long-term liabilities	71,443	72,793
Total long-term liabilities	2,186,826	2,324,286
Total liabilities	4,267,678	4,398,461
Net assets		
Shareholders' equity		
Capital stock	400,000	400,000
Capital surplus	142,661	141,911
Retained earnings	294,738	304,932
Total shareholders' equity	837,400	846,843
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	38	19
Net deferred gains (losses) on hedges	30	43
Foreign currency translation adjustments	(89,350)	(91,667)
Accumulated adjustments for retirement benefits	153,924	137,820
Total accumulated other comprehensive income	64,644	46,214
Non-controlling interests	13,085	11,814
Total net assets	915,130	904,872
Total liabilities and net assets	5,182,809	5,303,334

2. Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income

(1) Interim Consolidated Statements of Income

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating income		
Postal service business income	1,573,872	1,587,226
Commissions for banking business consignment	454,546	281,825
Commissions for life insurance business consignment	268,057	200,793
Funds to maintain post office network	-	221,455
International logistics business income	534,757	486,342
Other operating income	167,410	151,722
Total operating income	2,998,644	2,929,365
Operating costs	2,672,154	2,579,233
Gross operating income	326,490	350,131
Sales, general and administrative costs	188,883	188,420
Net operating income	137,606	161,710
Other income		
Interest income	436	240
Dividend income	1	11
Equity in earnings of affiliates	416	108
Foreign exchange gains	790	625
Subsidy income	1,056	184
Others	2,322	1,596
Total other income	5,024	2,768
Other expenses		
Interest expenses	4,731	10,356
Others	1,476	941
Total other expenses	6,207	11,298
Net ordinary income	136,422	153,180
Extraordinary gains		
Gains on sales of fixed assets	1,386	2,286
Contribution for post office refurbishment expenses	6,685	4,220
Others	117	2,893
Total extraordinary gains	8,189	9,400
Extraordinary losses		
Losses on sales of fixed assets	92	249
Losses on impairment of fixed assets	884	539
Post office refurbishment expenses	6,685	4,220
Others	2,852	3,702
Total extraordinary losses	10,515	8,712
Income before income taxes	134,096	153,868
Income taxes current	9,217	18,060
Income taxes deferred	440	(778)
Total income taxes	9,658	17,282
Net income	124,438	136,586
Net income attributable to non-controlling interests	541	675
Net income attributable to Japan Post Co.	123,897	135,911

Japan Post Co.

(2) Interim Consolidated Statements of Comprehensive Income
 Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net income	124,438	136,586
Other comprehensive loss		
Net unrealized gains (losses) on available-for-sale securities	57	(14)
Net deferred gains (losses) on hedges	66	12
Foreign currency translation adjustments	(4,677)	(3,624)
Adjustments for retirement benefits	(16,050)	(16,104)
Share of other comprehensive loss of affiliates	(1)	(4)
Total other comprehensive loss	(20,606)	(19,736)
Comprehensive income	103,832	116,849
Total comprehensive income (loss) attributable to:		
Japan Post Co.	103,848	117,481
Non-controlling interests	(16)	(631)

3. Segment Information

Nine months ended December 31, 2018

(1) Operating income and segment profit of reportable segments

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note 2)	Subtotal		
Operating income ^(Note 1)						
Operating income from third parties	1,577,965	885,921	534,757	2,998,644	-	2,998,644
Intersegment operating income	11,268	153,050	-	164,319	-	164,319
Total	1,589,234	1,038,972	534,757	3,162,964	-	3,162,964
Segment profit	86,935	47,788	6,551	141,275	-	141,275

(Notes)

1. "Operating income" is presented instead of net sales which is typical for companies in other industries.
2. The amount presented in segment profit for the international logistics business segment is EBIT.

(2) Reconciliation between total segment profit of reportable segments and net operating income on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total segment profit of reportable segments	141,275
Segment profit in other business	-
Eliminations of intersegment transactions	1,051
Corporate expenses ^(Note)	(1,214)
Other adjustments	(3,506)
Net operating income on the interim consolidated statements of income	137,606

(Note)

"Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.

Japan Post Co.

Nine months ended December 31, 2019

(1) Operating income and segment profit (loss) of reportable segments

(Millions of yen)

	Reportable segments				Other	Total
	Postal and domestic logistics business	Post office business	International logistics business (Note 2)	Subtotal		
Operating income (Note 1)						
Operating income from third parties	1,591,345	851,677	486,342	2,929,365	-	2,929,365
Intersegment operating income	10,323	153,106	121	163,551	-	163,551
Total	1,601,669	1,004,784	486,464	3,092,917	-	3,092,917
Segment profit (loss)	119,321	51,780	(5,913)	165,188	-	165,188

(Notes)

1. "Operating income" is presented instead of net sales which is typical for companies in other industries.
2. The amount presented in segment loss for the international logistics business segment is EBIT.

(2) Reconciliation between total segment profit (loss) of reportable segments and net operating income on the interim consolidated statements of income

(Millions of yen)

Items	Amount
Total segment profit (loss) of reportable segments	165,188
Segment profit in other business	-
Eliminations of intersegment transactions	1,014
Corporate expenses (Note)	(1,498)
Other adjustments	(2,993)
Net operating income on the interim consolidated statements of income	161,710

(Note)

"Corporate expenses" consists mainly of general and administrative costs which are not attributable to any reportable segments.

III Japan Post Bank

Note: Please refer to the documents on consolidated financial results announcements of Japan Post Bank for consolidated financial results of the company.

IV Japan Post Insurance

Note: Please refer to the documents on consolidated financial results announcements of Japan Post Insurance for consolidated financial results of the company.